



AUDIT PLANNING REPORT TO THE BOARD

**ON THE 2020 AUDIT**

The Governors  
North Eastern Y.W.C.A Trustees Limited  
Jesmond House  
Clayton Road  
Newcastle upon Tyne  
NE2 1UJ

29 July 2020

Dear Governors

Audit Planning Report for the year ended 31 March 2020

Our audit of the Charitable Company for the year ended 31 March 2020 is currently being planned.

The purpose of this report is to follow up our recent conversations, outline our proposed strategy for the audit of the financial statements, and to give you the opportunity to understand and comment on our proposed audit approach. Our audit planning process is updated regularly to reflect any changes in responsibilities arising from the various ongoing developments in your systems and to incorporate new accounting issues as they arise. This report: -

- sets out our principal objectives as auditors, providing details of our audit team, together with the proposed audit scope and timing;
- explains the need for the Governors to communicate to us their views on fraud;
- details our proposed audit fee;
- brings to your attention any specific reporting matters of which you should be aware; and
- confirms our independence and engagement status as auditors.

Our current engagement terms require updating for a changes in the Responsible Individual assigned to the engagement. These have recently been sent to you for approval. We are satisfied that the new engagement terms adequately relect our respective responsibilities and the work we will perform but we do need you to confirm this before we commence the audit.

Your senior statutory auditor, and the person named as signing your audit report, is Detlev Anderson. This report is strictly confidential and although it has been made available to you to facilitate discussions, it may not be taken as altering our responsibilities to you arising from our audit engagement letter. The contents of this report should not be disclosed to third parties without our prior written consent.

We draw your attention to the special arrangements we have or will put in place for the conduct of the audit under the restrictions imposed by the coronavirus pandemic. These are on Page 12.

We look forward to receiving any comments you may have on the contents of the attached audit planning report. Unless we hear from you to the contrary we will assume that you have: -

- confirmed that your organisation has not been subjected to fraud during the year;
- accepted our proposed audit fee;
- confirmed that the measures employed by us to safeguard our auditor independence as set out in this report are effective and reasonable; and
- agreed that the fees derived from the non-audit services we provide the Charitable Company do not affect our independence as auditor.

We look forward to working with you and are grateful for your help with our work.

Yours faithfully

Ryecroft Glenton

Chartered Accountants and Statutory Auditor  
32 Portland Terrace, Newcastle upon Tyne NE2 1QP

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## Audit Objectives

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### Primary responsibility

The audit of the Financial Statements will be carried out in accordance with International Standards on Auditing (UK) (“ISAs”). The aim of the audit is to obtain sufficient audit evidence to enable us to report whether the financial statements give a true and fair view of the financial performance of the entity, that they are free from material misstatements and that they comply with the requirements of relevant statutes and accounting standards. We are also required to read the Strategic and Directors’ Reports and any other information that will be included within the financial statements to ensure they are consistent with the financial statements.

### Other reporting responsibilities

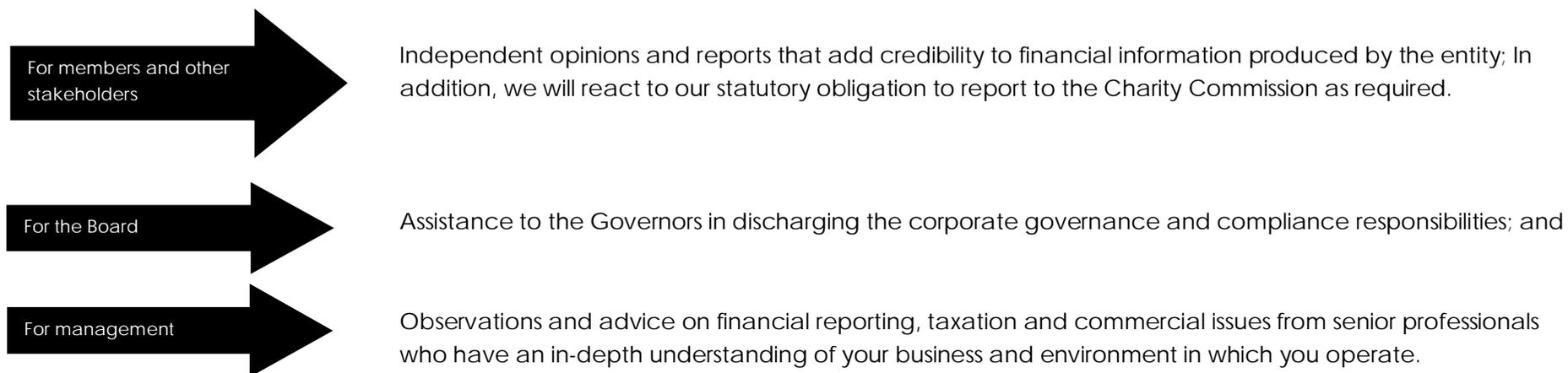
ISA 260 Communication of audit matters with those charged with governance, and other statutory duties impose further reporting requirements on us as auditors. We have a duty to: -

- report if adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or the financial statements are not in agreement with the underlying records, or certain disclosures of information, such as remuneration of officers, has not been made, or we have not received all the information and explanations we require for our audit;
- summarise our principal findings relating to judgements and estimates made by management in preparing the financial statements; and
- confirm to you that we are independent of the entity on an annual basis.
- consider whether any matters which come to our attention concerning the activities or affairs of the charitable company or any connected institution or body corporate should be reported to the Charity Commissioners in the public interest.
- report to the Charity Commissioners such matters concerning the activities or affairs of the charity, or any connected institution or body corporate, which are, or are likely to be of material significance to the Commissioners in the exercise of their powers of inquiry, into, or acting for the protection of charities.

## Audit Objectives (cont.)

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To meet these objectives it is necessary for us to deliver assurance at three levels: -

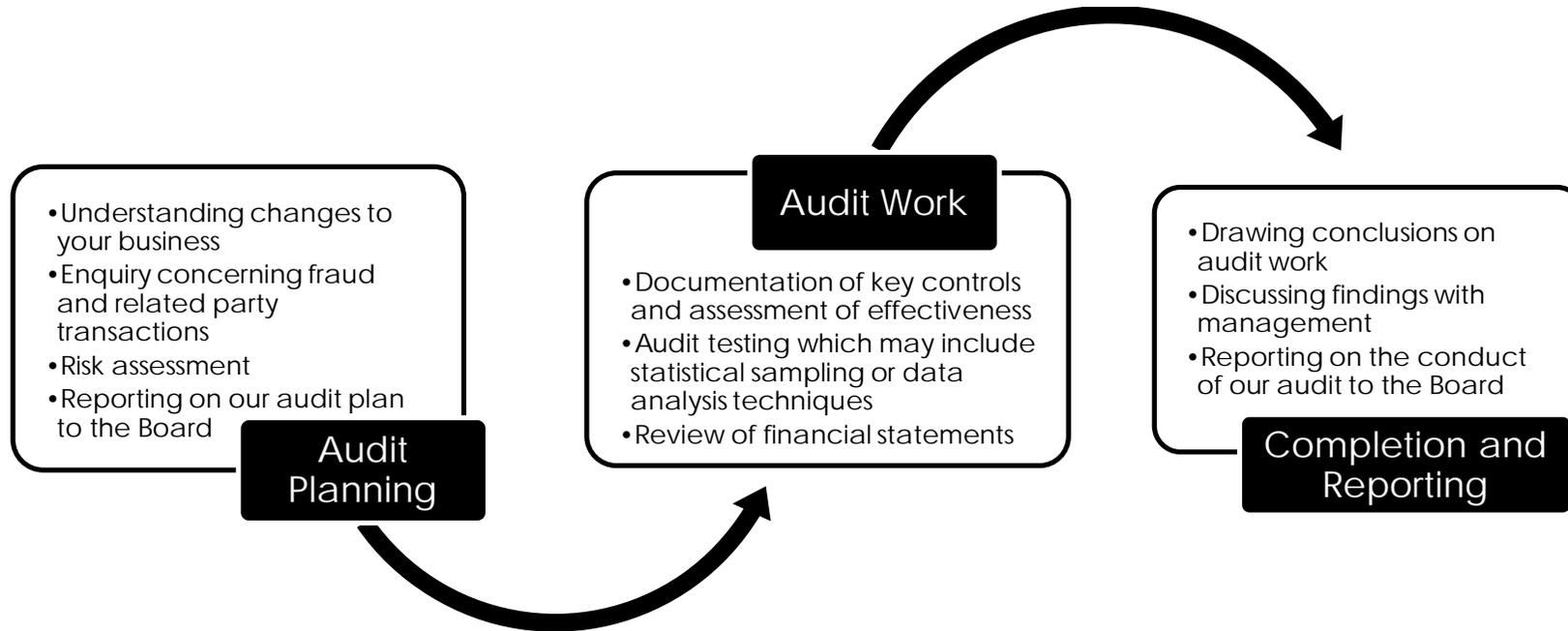


## Audit Objectives (cont.)

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### Our Audit Approach

may be summarised as follows: -



We will adopt a risk-based audit approach arising from our assessment of your controls in place. We focus on those risks that will have a potential impact on the financial accounting systems and subsequent financial reporting. This enables us to identify and review key risks and assess the controls in place to eliminate or mitigate them. This then allows us to place reliance on controls where appropriate.

## Audit Objectives (cont.)

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We carry out more detailed testing supported by substantive work where we perceive these controls to be weak or substantive work is more efficient for our audit. Our assessment of risk is based on specific controls and audit objectives that take into account: -

- Our knowledge of the entity and the environment in which it operates;
- Our assessment of the financial systems and controls in place and the extent to which the systems and controls can be affected by manual or management intervention;
- The extent to which we can rely on the controls in place;
- The effective operation of the controls in place; and
- The relative materiality of individual financial statement balances and their impact on the financial statements.

We are required to plan and perform our audit using professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks will be identified on many audits and can be derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental matters where measurement is uncertain. In areas where we identify the potential for significant risk, we will extend our audit testing to include more detailed substantive work. Our work in other areas may be proportionally less.

## Reliance on Informed Management

As the Charitable Company is a small entity we may adopt the provisions available for audits of small entities (PAASE) provided by the Financial Reporting Council). This means that we can both prepare the financial statements on your behalf from the accounting records and information you provide us as well as audit them because you have someone in the organisation who understands and is able to approve any accounting adjustments proposed by us as auditor. With your agreement we will liaise with Peter Allen who will be acting as your informed management unless you inform us to the contrary. We will also discuss the adjustments made at the meeting of the Governors to make sure that these are acceptable and fully understood.

Please be aware that where the PAASE provisions require additional reporting requirements (e.g. where management, self-interest, familiarity or advocacy threats exist), we have not adopted them but have instead relied upon alternative safeguards.

## Audit Objectives (cont.)

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### Materiality

In assessing materiality we consider the perception of the normal information needs of users of the Financial Statements as a group, not one category of users, such as the members. We regard a misstatement as material if it would, on its own, or collectively with other misstatements, affect the actions of the users of the financial statements. In establishing planning and overall materiality levels, which will be reconsidered as the audit progresses, we consider quantitative measures as well as qualitative factors, including: -

- Impact on earnings;
- Whether accounting standards, laws and regulations or other matters affect users' expectations regarding the measurement or disclosure of certain items; and
- Whether attention is focused on the financial performance of a particular business area.

We have drafted the financial statements from the Trial Balance provided and assessed our planning materiality level to be £12,000.

### Potential audit adjustments

We will consider potential adjustments individually and collectively and will report any errors, factual or judgemental, over a de-minimis level, to the Governors. In respect of any misstatements that remain unadjusted our letter of representation will include confirmation from the Governors that they consider those misstatements as not material and not requiring adjustment.

We are not required to report those misstatements identified during the course of our audit that are clearly insignificant or trivial. We suggest that the level below which we will not report misstatements to you will be those of £600 and less. If you require a lower value to be reported to you then please let us know before we commence our audit work.

## Audit Objectives (cont.)

### Communications

We are required by ISA (UK) 260 "Communication of audit matters with those charged with governance" to make some specific communications to the Board. These are summarised as follows: -

ISA 260 requirement	Audit plan	Year-end report	As required
Agreement to the terms of engagement, including your undertaking to provide unfettered access to all information required for the purpose of our audit.	✓		✓
Communication of auditors' responsibility to consider material misstatements in the financial statements.		✓	✓
Communication of management's collective responsibility to report any fraudulent activities to the auditors.	✓	✓	✓
Confirmation of the independence of the firm and audit team members.	✓	✓	
Communication of audit scope and approach.	✓		
Confirmation by written representations to the auditor by those charged with governance.		✓	
Consideration of significant accounting policies.	✓	✓	
Consideration of significant financial estimates.	✓	✓	
Consideration of any material risks and exposures.	✓	✓	
Consideration of audit materiality.	✓	✓	
Consideration of adjusted and unadjusted misstatements, whether factual, judgemental or projected.	✓	✓	
Consideration of uncertainties casting doubt on the ability of the entity to continue as a going concern.	✓	✓	✓
Consideration of disagreements with management.		✓	✓
Consideration of related parties and associated transactions.	✓	✓	✓
Consideration of post balance sheet events.		✓	✓
Consideration of significant weaknesses in accounting and internal control system.	✓	✓	✓

## Risk of Fraud and Misstatement

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We request that the Governors communicate to us their views on the risks of fraud to the entity and whether they are aware of any fraud or suspected fraud having occurred in the entity.

We summarise below some of the key aspects of potential fraud risk: -

- Fraudulent financial reporting including the provision of misleading information and manipulation or massaging of figures through journal entries and adjustments, accounting estimates, revenue and profit recognition, suspense accounts and reconciliations of balances;
- Misappropriation or misuse of assets;
- Incurring of expenditure or committing the entity to liabilities for any improper use;
- Obtaining revenue or assets by fraud;
- Avoiding costs or expenses by fraud;
- Financial misconduct by members of staff or management; and
- Undisclosed related parties leading to misstatement in the financial statements.

It is not the auditor's function to prevent fraud or misstatement.

The fact that an audit is carried out may, however, act as a deterrent. We plan, perform and evaluate our audit work in order that we may have a reasonable expectation of detecting material misstatements in the financial statements arising from fraud or error. It is the responsibility of the Board to take such steps as are reasonable to prevent and detect fraud. This includes: -

- Taking steps to provide reasonable assurance that the activities of the entity are conducted honestly and that its assets are safeguarded;
- Establishing arrangements designed to deter fraudulent or other dishonest conduct and to detect any that occurs;
- Implementing necessary procedures for the preparation and presentation of suitable financial information, including the selection and application of appropriate accounting policies and the development of reasonable accounting estimates in accordance with the requirements of FRS 102; and
- Ensuring that, to the best of your knowledge and belief, financial information, whether used in the entity or for financial reporting, is reliable.

## Risk of Fraud and Misstatement (cont.)

### Key issues and risks

Risk identified	Audit implication	Audit response
<p>1. Revenue recognition</p> <p>In accordance with ISAs, there is a presumption that a significant risk exists in respect of errors arising on the recognition of revenues due to the entity, in particular that income may be over or understated.</p>	<p>The financial statements may contain material errors arising from inappropriate recognition of income or where income has been understated because it has not been recorded. This often arises because of the lack of controls over rentals and voids, errors in accounting for rentals, or fraud.</p>	<p>As auditors we are required to consider all the risks of errors arising from fraud or inappropriate revenue recognition and design tests to satisfy ourselves that the risks have been mitigated or eliminated. Where we consider that there are no such risks we are required to state that fact and our reasons why. We will review the rent income process and test via an "expectation test", which would incorporate voids in the year.</p>
<p>2. Management override</p> <p>In accordance with ISAs there is a presumed specific risk relating to the possibility of management override through intervention at prime entry or subsequent journal entry.</p>	<p>Accounts comprise entries from books of prime entry including the cash book, nominal, sales and purchase ledgers. Management is in a position to override entries arising from the books of prime entry and/or by processing journals to mask the transactions taking place or the state of affairs of the entity.</p>	<p>We will undertake tests on transactions arising from prime entry and review a sample of journals posted during the year, in the process of preparing the financial statements for audit and in the post balance sheet period to satisfy ourselves that transactions are processed for bona-fide reasons.</p>
<p>3. Going concern risk</p> <p>The term going concern assumption is the defining assumption about the condition of an entity for which adoption of the going concern basis of accounting is appropriate: that the entity is, and will be able to continue as, a going concern. Accordingly the term "going concern" applies to any entity unless its management intends to liquidate the entity or to cease trading, or has no realistic alternative to liquidation or cessation of operations; and the term "ability to continue as a going concern" is equivalent to the term "ability to continue to adopt the going concern basis of accounting" in the future.</p>	<p>You are required to assess whether the going concern basis of accounting is appropriate when causing the financial statements to be prepared. Your assessment should cover a period at least twelve months beyond the date upon which you expect to approve the financial statements. If you are unable to apply the going concern basis, the financial statements should be prepared on a different basis to that normally adopted. Where there is some concern, if financial statements have been prepared on the going concern basis, disclosure should be made explaining your reasons why this basis has been adopted and we will require evidence from you to support this going concern assertion. For further details, please see the Financial Reporting Council's Guidance on the Going Concern Basis of Accounting and Reporting on solvency and Liquidity Risks at <a href="https://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/Guidance-on-the-Going-Concern-Basis-of-Accounting.pdf">https://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/Guidance-on-the-Going-Concern-Basis-of-Accounting.pdf</a></p>	<p>The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on:</p> <ul style="list-style-type: none"> <li>• Whether a material uncertainty related to going concern exists; and</li> <li>• The appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements. These responsibilities exist even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern.</li> </ul>

## Risk of Fraud and Misstatement (cont.)

### Key issues and risks (cont.)

Risk identified	Audit implication	Audit response
<p>4. Related Party Transactions</p> <p>The suppression of information relating to any related parties, whether it be the existence or disclosure of transactions with them, may lead to significant misstatement in the financial statements or failures in the governance of your entity.</p>	<p>Auditors cannot perform their work on information that is not known to them. It is therefore incumbent upon management to bring to the attention of the auditors the details of all related parties and of the transactions taking place with those parties. There is a statutory duty to do so and a statement to that effect in the annual report encompassing all those who have a duty of governance.</p>	<p>We are required to assess the risk that we have not been informed of the identity of all related parties and the transactions taking place with them; the absence of which may lead to significant misstatement in the financial statements. We are also required to assess the controls associated with the identification of related parties and the transactions taking place with them and to establish whether these transactions are fully and correctly disclosed in the financial statements. Where sufficient controls do not exist we are required to assess the risk of significant misstatements arising and to report these risks to management; where appropriate our audit report will be suitably qualified.</p> <p>So far as we have ascertained the related parties we need to be aware of are as follows:</p> <ul style="list-style-type: none"> <li>• Governors</li> <li>• Peter Allen</li> <li>• Short Richardson Forth</li> </ul> <p>Please inform us immediately if there are any additional related parties that we have not identified above.</p>

## Risk of Fraud and Misstatement (cont.)

### Key issues and risks (cont.)

Risk identified	Audit implication	Audit response
<p>5. Accounting Estimates</p> <p>Accounting estimates are by their nature imprecise and subjective but may have a significant effect on the results disclosed in the financial statements. As such there is a high degree of uncertainty and therefore a risk that significant misstatement exists in the financial statements.</p>	<p>You have to provide us with the details of accounting estimates contained in the financial statements, including how these have been calculated, the relevant controls, use of experts, the underlying assumptions, any changes from previous periods and your assessment of the reasonability and level of uncertainty. You are also required to consider alternative assumptions or outcomes and why these have been rejected in favour of the those used.</p>	<p>In response to the assessed risks to our audit opinion, we are required to undertake one or more of several evaluation techniques taking account of the nature and significance of the accounting estimates used. Significant accounting estimates would comprise:</p> <ul style="list-style-type: none"> <li>• Depreciation provisions (including residual value &amp; estimated life of the asset),</li> <li>• Property valuations as deemed cost, and</li> <li>• Pension provisions on the multi-employer defined benefit scheme.</li> </ul>

## Audit Administration

### Timetable

The anticipated audit timetable as has been agreed with you will be as follows: -

Area	Responsibility	Due by
Audit Planning Report issued to the Board.	RG	29 July 2020
Audit fieldwork commences.	RG	27 July 2020
Draft Audit Findings Report, and financial statements issued to the Board.	RG	28 August 2020
Audit close out meeting.	All	28 August 2020
Board approval of the financial statements and letter of representation.	NE YWCA Governors	4 September 2020
RG signing of the audit report.	RG	4 September 2020
RG to issue final signed financial statements and final Audit Findings Report to the Board.	RG	4 September 2020

We confirm that we are able to accommodate these deadlines which are linked to our proposed audit fee. Please note that should there be a failure on your part to meet your agreed deadlines we may incur additional time costs, in order to meet the Board approval deadlines, which we would seek to recover from you.

## Audit Administration (cont.)

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### Auditing under restrictions imposed by COVID-19

The spread of the coronavirus pandemic (COVID-19) has resulted in the need for remote working, including the use of remote auditing techniques to protect you and our staff. This will have an effect on the way we work and may result in some essential audit procedures taking longer to perform. Whilst we will try to ensure that additional time spent on the audit will be minimised, we reserve the right to share this additional cost with you.

We will keep our visits to your premises to an absolute minimum, and in order to achieve this, will necessarily require the co-operation of your staff to provide us with the audit evidence we need to achieve our aim of providing a quality audit and avoiding any form of modification to our audit report as a result of our inability to gather sufficient appropriate audit evidence and impaired scope as a result of remote access. To this end, we will use a portal with end to end encryption, which allows us to share information securely, thereby ensuring the integrity of our (and your) GDPR privacy policies.

We will be required to assess the heightened risks associated with the remote working of your staff, including the potential of reduced controls operated as a result of the need for them to work from home, and the effect of this pandemic on the appropriateness of the Governors using the going concern basis of accounting for the financial statements. Whilst in the case of NE YWCA there are substantial cash reserves and investments, you will nevertheless be required to comment on the ability of the entity to meet its obligations as they fall due, in the Governors' Report, and in the accounting policies section. Cash flow forecasts and budgets will assist with this assessment and these will necessarily be subject to rigorous scrutiny by us.

We use Microsoft Teams as a secure and convenient means by which we may communicate. This will include our close-down meeting at the end of the audit.

We will use DocuSign to approve the financial statements. This is an industry leading provider of a secure platform for the approval of legal documents and does not require download of any software on your part, just an email account, to achieve the approval of the accounts using online means.

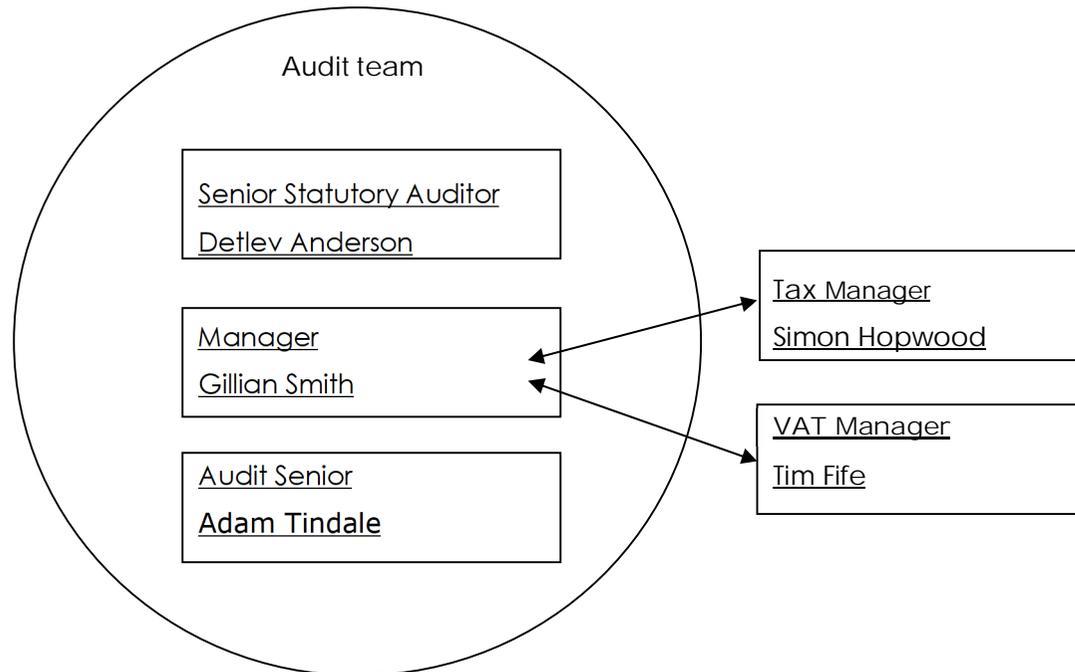
## Audit Administration (cont.)

### Anticipated Fees

The anticipated fee for our audit work will be £8,000 plus £4,000 for the accounts preparation, including detailed pension scheme disclosures. This anticipated fee excludes normal disbursements such as travel, printing, etc. and it also excludes VAT. It is an estimate only (whether stated to be an estimate or quotation) but we will endeavour to ensure that estimates of our fees are as accurate as possible. We will inform you if the estimate requires significant revision particularly should there be a failure on your part to meet your agreed deadlines. Any estimate will only apply to the work covered by your initial instructions and we reserve the right to vary the fees if the scope or nature of those instructions changes. Any verbal estimate will be confirmed in writing. Any estimate provided is given in good faith as a guideline but cannot always be adhered to. You will be advised in writing if the nature or circumstance of the work being undertaken on your behalf changes in such a way as to render the estimate given inappropriate and if possible, a revised estimate will be given.

### Client service team including the audit team

The principal members of the team are:



## Audit Administration (cont.)

### Independence

We are bound by our internal procedures and the ethical guidelines laid down by the Financial Reporting Council (FRC) to impose safeguards to ensure our objectivity and independence.

In accordance with ISA 260 and the FRC Revised Ethical Standard 2016, we summarise below those specific matters that we have considered regarding our independence in connection with the audit of your statutory financial statements: -

Factor affecting independence	Threats to our independence	Safeguards imposed to eliminate the threat
1. We prepare on behalf of management the entity's statutory financial statements from such information as is available to us.	This presents a management and self-review threat to our independence and objectivity as auditor.	You have informed management (Peter Allen) on whom we are entitled to rely; all adjustments will be approved by informed management before the statutory financial statements are finalised. Also, these adjustments and any potential adjustments are disclosed in our Audit Findings Report presented to the Board at the end of the audit, and will be explained to the Board before we ask for approval of the financial statements.
2. We have provided VAT advice and carried out a review of partial exemption during the year.	These services may present self-review and management threats to our independence and objectivity as auditor.	The specialist personnel responsible for providing these services to you are not involved in the audit of the statutory financial statements.
3. We have provided Xero support and training as and when required during the year.	This presents self-review and management threats to our independence and objectivity as auditor.	The specialist personnel responsible for delivering these services to you are not involved in the audit of the statutory financial statements.

## Audit Administration (cont.)

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### Gifts and hospitality

Neither the audit engagement partner nor any member of the audit engagement team have been in receipt of gifts or hospitality of more than £250 in value. This figure is the level above which any receipt of gifts or hospitality in isolation or cumulative over the course of a year is, we suggest, to be considered significant by a reasonable and informed third party who may therefor perceive that a self-interest threat to our auditor independence exists. If on reflection you believe this value is not appropriate, please inform us as soon as possible.

We will formally confirm our independence in our Audit Findings Report at the end of the audit, but for planning purposes, we are not aware of any matters that will prevent us from performing the audit of the financial statements for the year ended 31 March 2020. As discussed above, subject to the presence of the safeguards set out, we believe that none of the above non-audit services provided on your behalf affect our independence as auditor. If you have any concerns in connection with our independence please let us know as soon as possible so that we may address these before we commence our audit.

We provide at Appendix one to this report a summary of the safeguards and procedures we have developed to safeguard against potential threats to our objectivity or independence that may, or be perceived to, exist.

## Appendix one: Ryecroft Glenton Independence policies, safeguards and procedures

Important policies, safeguards and procedures have been developed by Ryecroft Glenton to counter threats or perceived threats to our independence and objectivity, which include the items set out below: -

### Safeguards and procedures

- Every audit opinion issued by Ryecroft Glenton ("the Firm") is subject to technical review by a partner who is registered with ICAEW as a responsible individual ("RI").
- We report annually to you our assessment of our objectivity and independence. This report includes a summary of non-audit services provided over the past year together with fees received in absolute terms and as a proportion of the audit fee. Where these may be perceived to compromise our independence because of the magnitude of fees arising from non-audit services, whether in absolute terms or as a proportion of the audit fee, we bring this to your attention and agree appropriate safeguards to address the perception that our independence and objectivity may be compromised. Where these exceed the audit fee agreed between us we also must agree appropriate safeguards with our ethics partner.
- We are not permitted to charge fees for the audit which are calculated on a contingent basis. Nor are we permitted to undertake non-audit services on a contingent fee basis (whether the fee is material to Ryecroft Glenton or not), where the outcome of the non-audit service is dependent on a future or contemporary audit judgement relating to a material matter in the financial statements.
- There is formal consideration and review of the appropriateness of continuing the audit engagement before accepting reappointment.
- Where the audit engagement partner has acted for more than 10 years we subject the audit performed to an Engagement Quality Control Review carried out by an Independent Review Partner.
- In accordance with the Ethical Standard issued by the Financial Reporting Council, there is an assessment of the level of threat to objectivity and independence together with potential safeguards to mitigate these threats prior to acceptance of any non-audit engagement. This would include particular focus on threats arising from self-interest, self-review, management, advocacy, and over-familiarity. Where such threats are identified if possible safeguards are put in place such as an Engagement Quality Control Review performed by an Independent Review Partner. Alternatively we do not accept the non-audit engagement.
- The Firm's policies and procedures are subject to external monitoring by the ICAEW's Quality Assurance Directorate (QAD). The QAD is charged with monitoring statutory compliance of audits for all entities that are not "economically significant" e.g. listed companies. QAD reports to the ICAEW's Audit Registration Committee who is charged with the registration of audit firms and RIs operating within them. Please note, the QAD does not publish individual inspection reports and we are not permitted to disclose details of their findings.
- As members of HCWA (a network of likeminded independent firms of Accountants) we are also subject to their bi-annual external monitoring and we participate in joint initiatives to improve our audit service.
- Where the entity qualifies as a small entity, we adopt the provisions available for audits of small entities if that entity has a person who is considered to be informed management and it has been agreed that we may rely on that person and their knowledge and expertise that allows them to be treated as suitably informed.

## Appendix one: Ryecroft Glenton Independence policies and procedures (continued)

<p>Ethical and independence policies</p>	<p>Our detailed ethical and independence policies are issued to all partners and staff, who are required annually to confirm their compliance with these policies. Where relevant, we are also required to comply with the policies of other professional and regulatory bodies.</p> <p>Amongst other things, these policies:</p> <ul style="list-style-type: none"><li>• state that no Ryecroft Glenton partner or immediate family member is allowed to hold a beneficial or financial interest in any of our audit clients;</li><li>• require that professional staff or any immediate family member may not work on assignments if they have a financial interest in the client or are a party to a transaction or if they have a beneficial interest in a trust holding a financial position in the audit client;</li><li>• state that no person in a position to influence the conduct and outcome of the audit or any immediate family member should enter into business relationships with any of our audit clients or their affiliates;</li><li>• prohibit any partner or professional employee or their immediate family members from obtaining gifts or hospitality from an audit client unless the value is clearly insignificant in terms of their frequency, nature and cost; and</li><li>• require us to create safeguards against potential conflicts of interest.</li></ul>
<p>Remuneration and evaluation policies</p>	<p>Partners are evaluated on the roles and responsibilities they take within the firm including their technical ability and their ability to manage risk. Their remuneration is not linked to their performance on any one assignment or group of assignments.</p>

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Governors**

Miss C Mortlock, Chair  
Mr D M Gibson  
Mr R Darsley (resigned 11 June 2020)  
Mrs J Smith  
Mrs L Adams (resigned 31 July 2020)  
Miss V Gray  
Ms L Hitman  
Mr D Smith

**Company registered number**

00702712

**Charity registered number**

201653

**Registered office**

Jesmond House  
Clayton Road  
Jesmond  
Newcastle upon Tyne  
NE2 1UJ

**Company secretary**

Mr P Allen

**Independent auditor**

Ryecroft Glenton  
Chartered Accountants and Statutory Auditors  
32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

**Bankers**

National Westminster Bank  
Northumberland Street  
Newcastle upon Tyne  
NE2 1QP

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS GOVERNORS AND ADVISERS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Solicitors**

DWF LLP  
Great North House  
Sandyford Road  
Newcastle upon Tyne  
NE1 8ND

**Investment Managers**

Cazenove  
1 London Wall Place  
London  
EC2Y 5AU

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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The Governors present their annual report together with the audited financial statements of the Charity for the year 1 April 2019 to 31 March 2020. The Annual report serves the purposes of both a Governors' report and a directors' report under company law. The Governors confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective January 2015).

Since the Charity qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

**Objectives and activities**

● **Policies and objectives**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

The objectives of the company are the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex and the advancement of the Christian religion. The company is a registered social landlord in the management and administration of Clapham House, John Dobson Street, Newcastle upon Tyne, NE1 8YW and Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

● **Strategies for achieving objectives**

The strategy of the charity is aimed at the provision of good, clean and affordable accommodation to people of either sex and of any age at Jesmond and Clapham Houses.

● **Main activities undertaken to further the Charity's purposes for the public benefit**

The Governors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their objectives and activities and in planning future activities. The Governors are satisfied that the principles of public benefit have been and will continue to be addressed in past and future activities of the company.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**Achievements and performance**

• **Value for money**

In accordance with the Value for Money Standard introduced by the Regulator of Social Housing in 2018 we set out below the charitable company's performance by reference to the metrics set by the Regulator which seek to measure and monitor economy, efficiency and effectiveness:

	<b>Actual 2020</b>	<b>Expected 2020</b>	<b>Actual 2019</b>
<b>1 - Reinvestment %</b>	Nil %	Nil %	Nil %
Commentary - the reinvestment percentage is calculated by reference to works to the existing properties, divided by the net book value of housing properties at deemed cost. No new properties were developed or acquired and there is no capitalised interest.			
<b>2 - New supply %</b>	Nil %	Nil %	Nil %
Commentary - The Governors have no plans to increase the number of social or non-social housing units.			
<b>3 - Gearing %</b>	-16.8%	-15.0%	-14.7%
Commentary - The charitable company has no debt and therefore has negative gearing. This is derived from its liquid resources divided by the net book value of housing properties at deemed cost. The Governors have no intention to borrow.			
<b>4 - Interest cover %</b>	Nil %	Nil %	Nil %
Commentary - The charitable company has no borrowing and the Governors have no intention to borrow.			
<b>5 - Headline social housing cost £</b>	£3,500	£3,500	£3,464
Commentary - the social housing cost has remained static and is expected to continue to do so. The Governors continue to refurbish the properties on a cyclical basis, with annual spend similar to historic levels.			
<b>6 - Operating margin %</b>	32.0%	32.0%	32.6%
Commentary - operating margins also remain static and are expected to continue to do so.			
<b>7 - Return on capital employed %</b>	5.4%	5.0%	5.4%
Commentary - with operating statistics and property values remaining static ROCE is expected to remain so as well. The Governors expect this to continue to be the case.			

The Governors consider that the facilities offered by the charitable company to be unique in the North East and there are no meaningful comparisons by way of benchmarking available.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Achievements and performance (continued)**

● **Review of activities**

**Clapham House**

During 2019/20 the provision of accommodation at Clapham House continues to be dependent on the student population at the two universities and the availability of alternative accommodation within Newcastle upon Tyne. As such Clapham House has had a difficult year because of the over supply of accommodation of that nature provided in Newcastle. Nevertheless voids have increased by just 3% over the year. We continue to maintain the standard of the accommodation at a very high level to make it attractive at reasonable rates.

**Jesmond House**

Jesmond House continued in 2019/20 to enjoy the support of the social housing department of Newcastle City Council as a high quality, safe and reasonably-priced provider of social housing near to the centre of the city. The incidence of voids at Jesmond House was slightly down compared to the previous year. All rooms now benefit from double-glazed windows.

Both properties enjoyed an operating surplus in the year. There was an overall surplus in the year of £32,371 before movements on pension scheme and investment valuations. There was a surplus of £106,300 for the year after these movements have been taken into consideration.

● **Investment policy and performance**

The Governors have considered the most appropriate policy for investing funds which are not required for immediate use, and continue to place funds in an investment portfolio managed by Cazenove Capital to improve on the returns generated for the benefit of the charitable purpose. Although the portfolio shows a valuation deficit this is because of the events affecting the stockmarket as a result of the coronavirus pandemic. The Governors are pleased to note that the portfolio has since recovered its valuation losses.

**Financial review**

● **Going concern**

Whilst the services of the charitable company have been in demand throughout the year, the period since the lockdown period enforced as a result of the coronavirus pandemic has proved to be particularly difficult. The universities closed so students vacated their accommodation, and there was a need to keep the residents at Jesmond House in a safe environment. As units became free at both facilities it has been difficult or undesirable to fill them. Nevertheless, the charitable company has sufficient resources to weather the storm through to normality and in recent weeks vacant units have begun to be filled.

The invested funds registered a diminution in value at the year-end. However, these have since rallied such that all deficits have reversed.

After making appropriate enquiries, therefore, the Governors have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Financial review (continued)**

• **Reserves policy**

The Governors consider the needs of its residents as requiring a long-term commitment from the company. The reserve policy is to hold funds to allow the company to continue for a period of 12 months even if its income decreases. At 31 March 2020, the charity had total funds of £6,952,442 of which £1,407,896, was unrestricted and £5,544,546 was restricted. During the year, the Governors designated £120,000 of reserves to be used for undertaking major repairs to the two properties. All of the restricted funds relate to the land and buildings of the charity. At the year end, the charity had a defined benefit pension deficit liability of £86,000. The free reserves were 105% of the required total of £1,135,000 at 31 March 2020. The Governors anticipate that reserves will continue to be built up by surpluses in future years. Both Clapham House and Jesmond House recorded a surplus before depreciation and pension deficit charges for the year.

• **Financial risk management objectives and policies**

All activities are subjected to budgetary control and monitored regularly by the Governors. Anticipated variances are authorised in advance of expenditure being committed.

**Structure, governance and management**

• **Constitution**

North Eastern Y.W.C.A. Trustees Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 7 September 1961.

The principal object of the company is to provide the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex and the advancement of the Christian religion.

• **Methods of appointment or election of Governors**

The management of the company is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The management of the charity is the responsibility of the Governors. Any current Governor is entitled to nominate a prospective Governor, appointments being made by a simple majority of current Governors at a Governors' meeting.

• **Policies adopted for the induction and training of Governors**

New Governors are provided with an induction process which includes a history and purpose of the charity, together with a summary of financial controls and position of the charity. They are also encouraged to familiarise themselves with the duties of trustees and directors through access to information on the Charity Commission website.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Structure, governance and management (continued)**

● **The Board of Governors**

At 31 March 2020, the Board comprised eight members, led by the Chair, Miss C Mortlock; the Board controls the company's strategic direction and reviews its operating and financial position.

The Board of Governors recognises that good governance is integral to the delivery of quality services and considers that the company complies with the National Housing Federation Code of Governance in all material aspects.

● **Organisational structure and decision-making policies**

The Board has an established governance framework, which encourages all members to bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

The Board is supplied with timely and relevant information to enable it to discharge its duties. Board papers are normally distributed at least a week in advance of the relevant meeting, and the papers are sufficiently detailed to enable the members to obtain a thorough grasp of the company's management and financial performance. The Board's terms of reference make provision for it to receive independent professional advice to enable it to carry out its duties.

The Board met seven times during 2019/20.

● **Risk management**

The Governors have reviewed the major risks to which the charity is exposed and continue to monitor the arrangements and systems in place to mitigate those risks.

The termination of contractual relationships with the universities in Newcastle has meant that the charity now has to manage lettings directly with occupants. The market place is very competitive as additional space has become available, which has had an impact on pricing. The Governors manage this by ensuring that their offering is attractive and cost effective to maximise takeup.

The charity is exposed to regulatory risks non-compliance of which may affect its ability to operate. These are mitigated by constant monitoring by the Governors through their regular meetings and reports by the Senior Management Team.

The charity is also exposed to investment risk. This is mitigated by the employment of Cazenove as investment manager on a full discretionary management basis.

● **Internal controls**

The Governors have established internal controls designed to safeguard assets, manage the risk of fraud or misstatement and generally to assist with proper governance. They review these controls on an annual basis to satisfy that they are complete and effective.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Plans for future periods**

The Governors forecast a small operating deficit in the ensuing year, arising from the trading difficulties encountered arising from the Covid-19 crisis. They intend to go ahead with their plans to renew the fire doors in Jesmond House, and continue to monitor the utilisation of Clapham House with a view to disposal if occupancy does not recover to an acceptable level.

**Statement of Governors' responsibilities**

The Governors (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by order of the members of the board of Governors on 17 September 2020 and signed on their behalf by:

DocuSigned by:  
  
EB2815776BA8445...  
**Miss C Mortlock**  
Chair

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**

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**Opinion**

We have audited the financial statements of North Eastern Y.W.C.A. Trustees Limited (the 'charity') for the year ended 31 March 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED (CONTINUED)**

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**Other information**

The Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Governors' report and from the requirement to prepare a Strategic report.

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED (CONTINUED)**

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**Responsibilities of trustees**

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
BE1AD9174D594BA...

**Detlev Anderson (Senior statutory auditor)**

for and on behalf of

**Ryecroft Glenton**

Chartered Accountants and Statutory Auditors

32 Portland Terrace

Newcastle upon Tyne

NE2 1QP

18 September 2020

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>					
Charitable activities	4	1,177,646	-	1,177,646	1,173,519
Investments	5	9,342	-	9,342	7,488
Other income	6	10,773	-	10,773	10,887
		<u>1,197,761</u>	<u>-</u>	<u>1,197,761</u>	<u>1,191,894</u>
<b>Expenditure on:</b>					
Raising funds	7	6,901	-	6,901	6,494
Charitable activities	8	1,158,489	-	1,158,489	1,123,176
		<u>1,165,390</u>	<u>-</u>	<u>1,165,390</u>	<u>1,129,670</u>
Net (losses)/gains on investments		(48,071)	-	(48,071)	18,957
		<u>(15,700)</u>	<u>-</u>	<u>(15,700)</u>	<u>81,181</u>
Transfers between funds	18	51,977	(51,977)	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<u>36,277</u>	<u>(51,977)</u>	<u>(15,700)</u>	<u>81,181</u>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension schemes	25	122,000	-	122,000	(106,000)
		<u>158,277</u>	<u>(51,977)</u>	<u>106,300</u>	<u>(24,819)</u>
<b>Net movement in funds</b>		<u><u>158,277</u></u>	<u><u>(51,977)</u></u>	<u><u>106,300</u></u>	<u><u>(24,819)</u></u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		1,249,619	5,596,523	6,846,142	6,870,961
Net movement in funds		158,277	(51,977)	106,300	(24,819)
		<u>1,407,896</u>	<u>5,544,546</u>	<u>6,952,442</u>	<u>6,846,142</u>
<b>Total funds carried forward</b>		<u><u>1,407,896</u></u>	<u><u>5,544,546</u></u>	<u><u>6,952,442</u></u>	<u><u>6,846,142</u></u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 16 to 39 form part of these financial statements.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 00702712**

**BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	5,582,154	5,703,246
Investments	14	561,088	607,122
		<u>6,143,242</u>	<u>6,310,368</u>
<b>Current assets</b>			
Debtors	15	61,450	63,723
Cash at bank and in hand		965,874	842,764
		<u>1,027,324</u>	<u>906,487</u>
Creditors: amounts falling due within one year	16	(132,124)	(162,713)
		<u>895,200</u>	<u>743,774</u>
<b>Net current assets</b>		<u>895,200</u>	<u>743,774</u>
<b>Total assets less current liabilities</b>		<u>7,038,442</u>	<u>7,054,142</u>
<b>Net assets excluding pension liability</b>		<u>7,038,442</u>	<u>7,054,142</u>
Defined benefit pension scheme liability	25	(86,000)	(208,000)
<b>Total net assets</b>		<u><u>6,952,442</u></u>	<u><u>6,846,142</u></u>
<b>Charity funds</b>			
Restricted funds	18	5,544,546	5,596,523
Unrestricted funds	18	1,407,896	1,249,619
<b>Total funds</b>		<u><u>6,952,442</u></u>	<u><u>6,846,142</u></u>

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 00702712**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2020**

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The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Governors on 17 September 2020 and signed on their behalf by:

DocuSigned by:  
*Caroline Mortlock*  
**Miss C Mortlock**

DocuSigned by:  
*David Gibson*  
**Mr D M Gibson**

The notes on pages 16 to 39 form part of these financial statements.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	132,055	189,326
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	9,342	7,488
Purchase of tangible fixed assets	(16,250)	(27,351)
Proceeds from sale of investments	71,926	-
Purchase of investments	(73,963)	(100,859)
<b>Net cash used in investing activities</b>	<b>(8,945)</b>	<b>(120,722)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>123,110</b>	<b>68,604</b>
Cash and cash equivalents at the beginning of the year	842,764	774,160
<b>Cash and cash equivalents at the end of the year</b>	<b>965,874</b>	<b>842,764</b>

The notes on pages 16 to 39 form part of these financial statements

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

The company is a company limited by guarantee. The company is registered in England & Wales and its company registration number is 00702712. The charity is registered with the Charity Commission and its registered number is 201653.

It is also registered under the Housing and Regeneration Act 2008 and its registered number is H2168.

Its registered office address is Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

North Eastern Y.W.C.A. Trustees Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**2.2 Going concern**

The Governors have considered the potential financial effects of the current Covid-19 crisis on the availability of reserves and cash and upon the going concern basis of preparation of the financial statements. Whilst both facilities have suffered higher than normal vacancies during this period, nevertheless the Charity has sufficient reserves and cash to sustain it through a lengthy period of control measures. The Governors are comfortable that the resources available allows them to prepare these financial statements on the basis that the Charity continues to be a going concern.

**2.3 Income**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**2.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

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**2. Accounting policies (continued)**

**2.4 Expenditure (continued)**

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

**2.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**2.6 Tangible fixed assets and depreciation**

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- 4% straight line
Plant and machinery	- 20% straight line
Office equipment	- 20% straight line
Housing furniture	- 20% straight line

**2.7 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

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**2. Accounting policies (continued)**

**2.8 Debtors**

Arrears of rent and service charges and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.9 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**2.10 Liabilities**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**2.11 Financial instruments**

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.12 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**2.13 Pensions**

The Charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 September 2017.

As the company operates a multi-employer defined benefit scheme, in accordance with the revision to Section 28 of FRS 102, sufficient information has been made available to allow the company to account for the scheme as a defined benefit scheme for the first time at 31 March 2019. In the previous financial years there was insufficient information available so it was treated as if it was a defined contribution scheme, and only obligations to the deficit recovery plan had been accounted for.

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**2. Accounting policies (continued)**

**2.14 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**2.15 Works to properties and housing furniture replacement**

Costs of works to properties and replacing housing furniture are charged to the income and expenditure account in the year of expenditure unless the expenditure results in an enhancement of the economic benefit in excess of that of the assets improved or replaced.

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**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Critical areas of judgment:**

**Freehold properties valued at deemed cost**

The directors have relied upon the transitional exemption available in Section 35.10 (d) FRS 102 in respect of the use of fair value as deemed cost at the date of transition to FRS 102 from previous generally accepted accounting practice. The fair value has been based on a valuation estimate of the two freehold properties concerned, undertaken by an independent and suitably qualified valuer.

**Depreciation**

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as maintenance programmes are taken into account. Residual values consider matters such as future market conditions, the remaining estimated life of the asset and the discount required to apply to cash flows on estimated disposal values to calculate their net present values.

**Defined Benefit Pension Scheme**

The company has obligations to pay pension benefits to certain employees. The cost of those benefits and the present value of the obligations depend on a number of factors, including life expectancy, salary increases, asset valuations, and the discount rate used on certain investments. Estimates are required in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

**4. Income from charitable activities**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Rental income and service charges	1,177,646	<b>1,177,646</b>

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**4. Income from charitable activities (continued)**

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Rental income and service charges	<u>1,173,519</u>	<u>1,173,519</u>
Income as reported includes:		
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Maximum rent receivable	<b>1,416,237</b>	1,392,488
and is shown after deduction of:		
Rent losses arising from voids	<b>(238,591)</b>	(218,969)
<b>Total</b>	<b><u>1,177,646</u></b>	<b><u>1,173,519</u></b>
The units of accommodation are:		
	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Studios	<b>18</b>	18
Cluster flats	<b>124</b>	124
Single rooms	<b>84</b>	84
	<b><u>226</u></b>	<b><u>226</u></b>

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**5. Investment income**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Income from local listed investments	9,200	<b>9,200</b>
Investment income	142	<b>142</b>
	<u>9,342</u>	<u><b>9,342</b></u>

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Income from local listed investments	7,049	7,049
Investment income	439	439
	<u>7,488</u>	<u>7,488</u>

**6. Other incoming resources**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Other incoming resources	10,773	<b>10,773</b>
	<u>10,773</u>	<u><b>10,773</b></u>

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Other incoming resources	10,887	10,887
	<u>10,887</u>	<u>10,887</u>

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**7. Investment management costs**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Investment management fees	6,901	<b>6,901</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Investment management fees	6,494	6,494
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Charitable activities	1,158,489	<b>1,158,489</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Charitable activities	1,123,176	1,123,176
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

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**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>
Charitable activities	800,734	357,755	<b>1,158,489</b>

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Charitable activities	791,060	332,116	1,123,176

**Analysis of direct costs**

	<b>Charitable activities 2020 £</b>	<b>Total funds 2020 £</b>
Staff costs	280,094	<b>280,094</b>
Depreciation	115,000	<b>115,000</b>
Catering	54,877	<b>54,877</b>
Water rates	21,502	<b>21,502</b>
Utilities	111,316	<b>111,316</b>
Repairs and maintenance	131,034	<b>131,034</b>
Insurance	27,721	<b>27,721</b>
Cleaning and security	27,566	<b>27,566</b>
Refurbishment and furniture replacement	22,097	<b>22,097</b>
Other estate costs	7,020	<b>7,020</b>
Bad debts	2,507	<b>2,507</b>
	<u>800,734</u>	<u><b>800,734</b></u>

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**9. Analysis of expenditure by activities (continued)**

**Analysis of direct costs (continued)**

	<i>Charitable activities 2019 £</i>	<i>Total funds 2019 £</i>
Staff costs	251,957	251,957
Depreciation	115,000	115,000
Catering	49,379	49,379
Water rates	18,653	18,653
Utilities	85,376	85,376
Repairs and maintenance	142,131	142,131
Insurance	29,058	29,058
Cleaning and security	25,069	25,069
Refurbishment and furniture replacement	34,906	34,906
Other estate costs	36,969	36,969
Bad debts	2,562	2,562
	<u>791,060</u>	<u>791,060</u>

**Analysis of support costs**

	<b>Charitable activities 2020 £</b>	<b>Total funds 2020 £</b>
Staff costs	267,436	<b>267,436</b>
Depreciation	22,342	<b>22,342</b>
Equipment leasing	5,008	<b>5,008</b>
Telephone and postage	7,268	<b>7,268</b>
Publicity, printing and stationery	13,535	<b>13,535</b>
Travel expenses	955	<b>955</b>
Office expenses	20,776	<b>20,776</b>
Auditors' remuneration	8,000	<b>8,000</b>
Legal and professional fees	12,435	<b>12,435</b>
	<u>357,755</u>	<u><b>357,755</b></u>

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**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs (continued)**

	<i>Charitable activities 2019 £</i>	<i>Total funds 2019 £</i>
Staff costs	259,801	259,801
Depreciation	20,884	20,884
Equipment leasing	1,364	1,364
Telephone and postage	12,026	12,026
Publicity, printing and stationery	16,032	16,032
Travel expenses	962	962
Office expenses	4,615	4,615
Auditors' remuneration	8,000	8,000
Legal and professional fees	8,432	8,432
	<u>332,116</u>	<u>332,116</u>

**10. Auditor's remuneration**

	<b>2020 £</b>	<b>2019 £</b>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<b>8,000</b>	8,000
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	<b>9,212</b>	6,017

**11. Staff costs**

	<b>2020 £</b>	<b>2019 £</b>
Wages and salaries	<b>482,332</b>	453,247
Social security costs	<b>30,681</b>	29,661
Other pension costs	<b>34,517</b>	28,850
	<u><b>547,530</b></u>	<u>511,758</u>

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**11. Staff costs (continued)**

The average number of persons employed by the Charity during the year was as follows:

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Management	<b>8</b>	<i>8</i>
Maintenance and domestic	<b>19</b>	<i>19</i>
	<b>27</b>	<i>27</i>

No employee received remuneration amounting to more than £60,000 in either year.

The total employee benefits of the key management personnel of the Charity was £75,867 (2019: £71,867).

**12. Governors' remuneration and expenses**

During the year, no Governors received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 March 2020, expenses totalling £59 were reimbursed or paid directly to 1 Governor (2019 - £89 to 2 Governors). The expenses reimbursed related to travel expenses incurred.

**13. Tangible fixed assets**

	<b>Freehold property</b>	<b>Plant and machinery</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>				
At 1 April 2019	<b>5,750,000</b>	<b>4,320</b>	<b>181,869</b>	<b>5,936,189</b>
Additions	<b>-</b>	<b>-</b>	<b>16,250</b>	<b>16,250</b>
At 31 March 2020	<b>5,750,000</b>	<b>4,320</b>	<b>198,119</b>	<b>5,952,439</b>
<b>Depreciation</b>				
At 1 April 2019	<b>115,000</b>	<b>3,096</b>	<b>114,847</b>	<b>232,943</b>
Charge for the year	<b>115,000</b>	<b>864</b>	<b>21,478</b>	<b>137,342</b>
At 31 March 2020	<b>230,000</b>	<b>3,960</b>	<b>136,325</b>	<b>370,285</b>

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**13. Tangible fixed assets (continued)**

	Freehold property £	Plant and machinery £	Office equipment £	Total £
<b>Net book value</b>				
At 31 March 2020	<b>5,520,000</b>	<b>360</b>	<b>61,794</b>	<b>5,582,154</b>
<i>At 31 March 2019</i>	<i>5,635,000</i>	<i>1,224</i>	<i>67,022</i>	<i>5,703,246</i>

During 2014/15, the properties were valued as follows: Clapham House site was valued at £3,750,000 and the Jesmond House site at £2,000,000. The valuations were performed by Johnson Tucker, Chartered Surveyors.

Had the properties been accounted for at cost and depreciated, the net book value at 31 March 2020 would have been £2,522,747.

**14. Fixed asset investments**

	Listed investments £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2019	<b>598,376</b>	<b>8,746</b>	<b>607,122</b>
Additions	<b>66,608</b>	<b>7,355</b>	<b>73,963</b>
Disposals	<b>(71,926)</b>	<b>-</b>	<b>(71,926)</b>
Revaluations	<b>(48,071)</b>	<b>-</b>	<b>(48,071)</b>
<b>At 31 March 2020</b>	<b>544,987</b>	<b>16,101</b>	<b>561,088</b>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>544,987</b>	<b>16,101</b>	<b>561,088</b>
<i>At 31 March 2019</i>	<i>598,376</i>	<i>8,746</i>	<i>607,122</i>

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**Material investments**

Material investments are those of a value greater than 5% of the total investment portfolio.

	2020 £	2019 £
0.125% UK Treasury Stock 22.03.2026	30,585	30,207
Vontobel SICAV 24 Absolute Returns	28,036	-
Lyxor US TIPS UCITS D-GBP Distribution	30,431	-
	<u>89,052</u>	<u>30,207</u>

**15. Debtors**

	2020 £	2019 £
<b>Due within one year</b>		
Arrears of rent and service charges	53,437	55,128
Other debtors	67	1,899
Prepayments and accrued income	7,946	6,696
	<u>61,450</u>	<u>63,723</u>

**16. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	17,447	40,698
Other taxation and social security	24,684	26,275
Other creditors	72,148	74,185
Accruals and deferred income	17,845	21,555
	<u>132,124</u>	<u>162,713</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Financial instruments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets measured at fair value through income and expenditure	<b>544,987</b>	<b>598,376</b>

Financial assets measured at fair value through income and expenditure comprise listed investments.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
<b>Unrestricted funds</b>						
General funds	1,212,582	1,197,761	(1,076,099)	33,977	(48,071)	1,320,150
Extraordinary repairs	143,037	-	(89,291)	120,000	-	173,746
Pension reserve	(106,000)	-	-	(102,000)	122,000	(86,000)
	<u>1,249,619</u>	<u>1,197,761</u>	<u>(1,165,390)</u>	<u>51,977</u>	<u>73,929</u>	<u>1,407,896</u>
<b>Restricted funds</b>						
Revaluation reserve	2,546,896	-	-	(51,977)	-	2,494,919
Housing association grant	3,049,627	-	-	-	-	3,049,627
	<u>5,596,523</u>	<u>-</u>	<u>-</u>	<u>(51,977)</u>	<u>-</u>	<u>5,544,546</u>
<b>Total of funds</b>	<u><u>6,846,142</u></u>	<u><u>1,197,761</u></u>	<u><u>(1,165,390)</u></u>	<u><u>-</u></u>	<u><u>73,929</u></u>	<u><u>6,952,442</u></u>

**Statement of funds - prior year**

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
<b>Unrestricted funds</b>						
General funds	1,102,461	1,191,894	(1,032,707)	(68,023)	18,957	1,212,582
Extraordinary repairs	120,000	-	(96,963)	120,000	-	143,037
Pension reserve	-	-	-	-	(106,000)	(106,000)
	<u>1,222,461</u>	<u>1,191,894</u>	<u>(1,129,670)</u>	<u>51,977</u>	<u>(87,043)</u>	<u>1,249,619</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Statement of funds (continued)**

**Statement of funds - prior year (continued)**

	<i>Balance at 1 April 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2019</i>
	£	£	£	£	£	£
<b>Restricted funds</b>						
Revaluation reserve	2,598,873	-	-	(51,977)	-	2,546,896
Housing association grant	3,049,627	-	-	-	-	3,049,627
	<u>5,648,500</u>	<u>-</u>	<u>-</u>	<u>(51,977)</u>	<u>-</u>	<u>5,596,523</u>
<b>Total of funds</b>	<u>6,870,961</u>	<u>1,191,894</u>	<u>(1,129,670)</u>	<u>-</u>	<u>(87,043)</u>	<u>6,846,142</u>

**Unrestricted funds:**

**Extraordinary repair fund:**

These are funds set aside for expenditure on the properties. The Governors have agreed that the reserve may be used for either or both of the properties in relation to future major repairs.

**General funds:**

These are 'free reserves' after allowing for the extraordinary repair fund and pension reserve.

**Restricted funds:**

(a) Revaluation reserve - representing the surplus on revaluation of the two properties owned by the Charity as reduced by the revaluation element of the accumulated depreciation charge on the properties.

(b) Housing association grant - this represents monies received in relation to the build and development of Clapham House. Under the revised Housing SORP, such grants under the performance model are recognised as income.

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**19. Summary of funds**

**Summary of funds - current year**

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
General funds	1,249,619	1,197,761	(1,165,390)	51,977	73,929	1,407,896
Restricted funds	5,596,523	-	-	(51,977)	-	5,544,546
	<u>6,846,142</u>	<u>1,197,761</u>	<u>(1,165,390)</u>	<u>-</u>	<u>73,929</u>	<u>6,952,442</u>

**Summary of funds - prior year**

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
General funds	1,222,461	1,191,894	(1,129,670)	51,977	(87,043)	1,249,619
Restricted funds	5,648,500	-	-	(51,977)	-	5,596,523
	<u>6,870,961</u>	<u>1,191,894</u>	<u>(1,129,670)</u>	<u>-</u>	<u>(87,043)</u>	<u>6,846,142</u>

**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	37,608	5,544,546	5,582,154
Fixed asset investments	561,088	-	561,088
Current assets	1,027,324	-	1,027,324
Creditors due within one year	(132,124)	-	(132,124)
Provisions for liabilities and charges	(86,000)	-	(86,000)
<b>Total</b>	<u>1,407,896</u>	<u>5,544,546</u>	<u>6,952,442</u>

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**20. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	106,723	5,596,523	5,703,246
Fixed asset investments	607,122	-	607,122
Current assets	906,487	-	906,487
Creditors due within one year	(162,713)	-	(162,713)
Provisions for liabilities and charges	(208,000)	-	(208,000)
<b>Total</b>	<u>1,249,619</u>	<u>5,596,523</u>	<u>6,846,142</u>

**21. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2020 £</b>	<b>2019 £</b>
Net income/expenditure for the period (as per Statement of Financial Activities)	<u>(15,700)</u>	<u>81,181</u>
<b>Adjustments for:</b>		
Depreciation charges	<b>137,342</b>	135,884
Gains/(losses) on investments	<b>48,071</b>	(18,957)
Dividends, interests and rents from investments	<b>(9,342)</b>	(7,488)
Decrease/(increase) in debtors	<b>2,273</b>	(16,089)
Increase/(decrease) in creditors	<b>(30,589)</b>	14,795
<b>Net cash provided by operating activities</b>	<u><b>132,055</b></u>	<u>189,326</u>

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**22. Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash in hand	965,874	842,764
<b>Total cash and cash equivalents</b>	<b>965,874</b>	<b>842,764</b>

**23. Analysis of changes in net debt**

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	842,764	123,110	965,874
	<b>842,764</b>	<b>123,110</b>	<b>965,874</b>

**24. Contingent liabilities**

There is a contingent liability to repay the Housing Association Grant of £3,049,627 in certain circumstances including the disposal of the properties in respect of which the grant was received.

There were no other material contingent liabilities at 31 March 2020 (2019: £nil).

**25. Pension commitments**

The Charity operates a defined benefit pension scheme.

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pension Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.522million. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a "last man standing arrangement". Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**25. Pension commitments (continued)**

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme; therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The following information is provided for a comprehensive understanding of the position of the company with regard to its defined benefit obligations.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	<b>At 31 March 2020</b>	<i>At 31 March 2019</i>
	%	%
Discount rate	<b>2.38</b>	2.31
Inflation (RPI)	<b>2.63</b>	3.29
Inflation (CPI)	<b>1.63</b>	2.29
Salary growth	<b>2.63</b>	3.29

	<b>At 31 March 2020</b>	<i>At 31 March 2019</i>
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	<b>21.5</b>	21.8
- at 65 for a male aged 45 now	<b>22.9</b>	23.2
- for a female aged 65 now	<b>23.3</b>	23.5
- at 65 for a female aged 45 now	<b>24.5</b>	24.7

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**25. Pension commitments (continued)**

The Charity's share of the assets in the scheme was:

	<b>At 31 March 2020</b>	<i>At 31 March 2019</i>
	£	£
Global equity	<b>96,000</b>	<i>105,000</i>
Absolute return	<b>34,000</b>	<i>54,000</i>
Distressed opportunities	<b>13,000</b>	<i>11,000</i>
Credit Relative Value	<b>18,000</b>	<i>11,000</i>
Alternative Risk Premia	<b>46,000</b>	<i>36,000</i>
Fund of Hedge Funds	-	<i>3,000</i>
Emerging Markets Debt	<b>20,000</b>	<i>21,000</i>
Risk Sharing	<b>22,000</b>	<i>19,000</i>
Insurance-Linked Securities	<b>20,000</b>	<i>18,000</i>
Property	<b>14,000</b>	<i>14,000</i>
Infrastructure	<b>49,000</b>	<i>33,000</i>
Private Debt	<b>13,000</b>	<i>8,000</i>
Corporate Bond Fund	<b>38,000</b>	<i>29,000</i>
Opportunistic Liquid Credit	<b>16,000</b>	-
Long Lease Property	<b>11,000</b>	<i>9,000</i>
Secured Income	<b>25,000</b>	<i>22,000</i>
Liability Driven Investment	<b>218,000</b>	<i>227,000</i>
Net Current Assets	<b>3,000</b>	<i>1,000</i>
<b>Total fair value of assets</b>	<b>656,000</b>	<i>621,000</i>

The actual return on scheme assets was £13,000 (2019 - £28,000).

The amounts recognised in the Statement of financial activities are as follows:

	<b>2020</b>	<i>2019</i>
	£	£
Current service cost	<b>14,000</b>	<i>12,000</i>
Interest cost	<b>4,000</b>	<i>4,000</i>
Expenses	<b>2,000</b>	<i>2,000</i>
<b>Total amount recognised in the Statement of financial activities</b>	<b>20,000</b>	<i>18,000</i>

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**25. Pension commitments (continued)**

Movements in the present value of the defined benefit obligation were as follows:

	<b>2020</b>
	<b>£</b>
Opening defined benefit obligation	<b>829,000</b>
Member contributions	<b>5,000</b>
Actuarial (gains)/losses	<b>(122,000)</b>
Benefits paid	<b>(15,000)</b>
Interest expense	<b>19,000</b>
Expenses	<b>2,000</b>
Current service costs	<b>14,000</b>
Other	<b>10,000</b>
	<b>742,000</b>
<b>Closing defined benefit obligation</b>	<b>742,000</b>

Movements in the fair value of the Charity's share of scheme assets were as follows:

	<b>2020</b>
	<b>£</b>
Opening fair value of scheme assets	<b>621,000</b>
Interest income	<b>15,000</b>
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	<b>(2,000)</b>
Member contributions	<b>5,000</b>
Employer contributions	<b>32,000</b>
Benefits paid and expenses	<b>(15,000)</b>
	<b>656,000</b>
<b>Closing fair value of scheme assets</b>	<b>656,000</b>

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**NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**26. Operating lease commitments**

At 31 March 2020 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	791	-
Later than 1 year and not later than 5 years	2,374	-
	3,165	-
	3,165	-

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2020 £	2019 £
Operating lease rentals	791	-
	791	-
	791	-

**27. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

**28. Related party transactions**

There were no related party transactions during the year.

# NORTH EASTERN Y.W.C.A. TRUSTEES LIMITED

AUDIT FINDINGS REPORT TO THE BOARD

**ON THE 2020 AUDIT**

Please note:

This document is for internal use only.

It must not be made publicly available or posted onto any website.

The Governors  
North Eastern Y.W.C.A. Trustees Limited  
Jesmond House  
Clayton Road  
Newcastle upon Tyne  
NE2 1UJ

3 September 2020

Dear Sirs

Audit Findings Report for the year ended 31 March 2020

The audit of the Charitable Company for the year ended 31 March 2020 is substantially complete, subject to the clearance of final matters with the Board.

The primary purpose of this Audit Findings Report ("the report") is to summarise our principal findings relating to judgements and estimates made by management in preparing the financial statements and to highlight the impact of accounting areas on the results of the Charitable Company.

This report covers the following areas:

- status of the audit and any unresolved misstatements;
- matters arising from the audit including any control matters;
- the management representations that will be required from the Board in respect of the Charitable Company; and
- developments in financial reporting and other matters that we believe to be of general interest.

We would like to take this opportunity of thanking Peter Allen, Deborah Luke and the Governors for their assistance during our audit.

Yours faithfully

Ryecroft Glenton

Chartered Accountants and Statutory Auditor  
32 Portland Terrace, Newcastle upon Tyne NE2 1QP

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## Section 1: Status of the audit

### Fieldwork status

Our audit of the results and financial position of the Charitable Company is substantially complete. The following matters are currently outstanding, together with finalisation of the matters set out in this report: -

- Receipt of final statutory financial statements and trustees' report for review;
- Receipt of signed letter of representation and a copy of the Board minute approving the financial statements.

We are required by auditing standards to discuss with the Board known misstatements and to consider qualitative and quantitative factors when assessing materiality for each of these items.

Unadjusted misstatements arising from our audit are summarised at Appendices two (current year) and three (previous year) other than those that are clearly trivial. You are required to review these and inform us whether there are any further adjustments to be made to the financial statements and provide us with the reasons why you wish the remaining unadjusted misstatements to remain unadjusted. Those that have been already processed have been agreed with Peter Allen and are included in Appendix one.

We anticipate being able to provide an unqualified audit opinion on the financial statements.

### Communication of audit matters with those charged with governance

The International Standard on Auditing (ISA) 260 "Communication with those charged with governance" sets out those matters that must be communicated by the auditors to those charged with governance. We have set out opposite how each of these key areas has been addressed: -

ISA 260 requirement	Ryecroft Glenton response
o Terms of engagement.	o Confirmed prior to the commencement of the audit.
o Auditors' responsibility to consider misstatements in the financial statements.	o Communicated within this report.
o Directors' collective and individual responsibility to report fraud.	o To be confirmed through representation undertakings and Board minute.
o Confirmation of the independence of the firm and audit team members.	o Confirmed within this report.
o Communication of audit scope, timing and approach.	o Communicated within our pre-year end planning
o Consideration of significant accounting policies.	o We confirm that this was undertaken as part of the audit fieldwork.
o Consideration of any material risks and exposures.	o Included within this report.
o Consideration of audit materiality.	o Included within this report.
o Schedules of adjusted and unadjusted errors.	o Included within this report.
o Consideration of uncertainties casting doubt on the ability of the entity to continue as a going concern.	o Included within this report.
o Significant disagreements with management.	o None noted.
o Consideration of related parties and associated transactions.	o Included within this report.
o Consideration of post balance sheet events.	o None noted.
o Material weaknesses in accounting and internal control system.	o Included within this report
o Significant difficulties encountered during the audit.	o Included within this report
o How we have satisfied ourselves regarding significant accounting estimates used in the financial statements.	o Included within this report

## Section 1: Status of the audit (cont.)

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### Limitations of this report

This report refers only to material matters we have identified from our audit of the financial statements of the Charitable Company for the year ended 31 March 2020 and that we think merit being brought to your attention. The matters raised in section two of this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of the Charitable Company.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented.

We draw your attention to the fact that the entity's management is responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as a Board and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

## Section 2: Matters arising and control matters

### Key Areas of Judgement and Audit Focus

At the planning stage of the audit we identified the following key judgement areas and areas of focus as being critical to the 2019 financial statements:

Risk identified	Audit implication	Audit response
<p>1. Revenue recognition</p> <p>In accordance with ISAs, there is a presumption that a significant risk exists in respect of errors arising on the recognition of revenues due to the entity, in particular that income may be over or understated.</p>	<p>The financial statements may contain material errors arising from inappropriate recognition of income or where income has been understated because it has not been recorded. This often arises because of the lack of controls over rentals and voids, errors in accounting for rentals, or errors in cut-off or fraud.</p>	<p>We have satisfied ourselves that rental income for both Jesmond House and Clapham house is complete and not materially misstated and that voids have been correctly accounted for.</p>
<p>2. Management override</p> <p>In accordance with ISAs there is a presumed specific risk relating to the possibility of management override through intervention at prime entry or subsequent journal entry.</p>	<p>Accounts comprise entries from books of prime entry including the cash book, nominal, sales and purchase ledgers. Management is in a position to override entries arising from the books of prime entry and/or by processing journals to mask the transactions taking place or the state of affairs of the entity.</p>	<p>As a result of our tests on transactions arising from prime entry and our review of a sample of journals posted; during the year, for the purpose of the preparation of the financial statements and in the post balance sheet period, we have satisfied ourselves that there is no significant misstatement of the financial statements arising from management override.</p>
<p>3. Going concern risk</p> <p>Going concern is a fundamental accounting concept that underlies the basis of preparation of financial statements of entities. Under the going concern basis of accounting it is assumed that an entity will continue in operation for the foreseeable future and that there is neither the intention nor the need to liquidate or cease activities.</p>	<p>You are required to assess whether the going concern basis of accounting is appropriate when causing the financial statements to be prepared. Your assessment should cover a period at least twelve months beyond the date upon which you expect to approve the financial statements. If you are unable to apply the going concern basis, the financial statements should be prepared on a different basis to that normally adopted. Where there is some concern, if financial statements have been prepared on the going concern basis, disclosure should be made explaining your reasons why this basis has been adopted and we will require evidence from you to support this going concern assertion.</p>	<p>We have examined the financial position at the balance sheet date, results since then as well as the budgets for 2020/21, and have satisfied ourselves that these financial statements have been properly prepared using the going concern concept. We have also satisfied ourselves that there are no plans that would have an adverse effect on the Charitable Company's cash resources in the twelve months from the date of the approval of the financial statements.</p>

## Section 2: Matters arising and control matters (cont.)

### Key Areas of Judgement and Audit Focus (cont.)

Risk identified	Audit implication	Audit response
<p>4. Related Party Transactions</p> <p>The suppression of information relating to any related parties, whether it be the existence or disclosure of transactions with them, may lead to significant misstatement in the financial statements or failures in the governance of your entity.</p>	<p>Auditors cannot perform their work on information that is not known to them. It is therefore incumbent upon management to bring to the attention of the auditors the details of all related parties and of the transactions taking place with those parties. There is a statutory duty to do so and a statement to that effect in the annual report encompassing all those who have a duty of governance.</p>	<p>We are satisfied that we have been informed of the identity of all related parties and the transactions taking place with them and there is no significant misstatement in the financial statements.</p>
<p>5. Accounting Estimates</p> <p>Accounting estimates are by their nature imprecise and subjective but may have a significant effect on the results disclosed in the financial statements. As such there is a high degree of uncertainty and therefore a risk that significant misstatement exists in the financial statements.</p>	<p>You have to provide us with the details of accounting estimates contained in the financial statements, including how these have been calculated, the relevant controls, use of experts, the underlying assumptions, any changes from previous periods and your assessment of the reasonability and level of uncertainty. You are also required to consider alternative assumptions or outcomes and why these have been rejected in favour of the those used.</p>	<p>We have examined the significant accounting estimates, including: -</p> <ul style="list-style-type: none"> <li>• Depreciation provision (residual value and estimated life of the asset)</li> <li>• Property valuations as deemed cost, and</li> <li>• Pension provisions on multi-employer defined benefit scheme.</li> </ul> <p>Accounting policies in respect of these accounting estimates are reasonable, consistently applied and in accordance with appropriate accounting standards.</p>

## Section 2: Matters arising and control matters (cont.)

### Accounting and Internal Control Systems

We have considered the systems and internal controls and report the following matters:

Issue raised and our comment	Risk rating	Your response
<p>1) Purchasing system</p> <p>Finding</p> <p>We noted in our report to the Governors' last year that there was a lack of segregation of duties in the finance department with just one person completing all tasks in regard to the purchase system. Furthermore we also reported that there appeared to be no formal authorisation of invoices once ready for payment which, admittedly would be unnecessary as the same person is carrying out all tasks.</p> <p>We recommended that spot checks be carried out by a member of the Board as an alternative. Such checks should include a review of a sample of invoices and payments being made as a form of authorisation and review.</p> <p>We are pleased to note that during the year spot checks were made by Linda Adams, a trustee, which can be evidenced in Xero. However, we have been advised that Mrs Adams resigned as trustee on 31 July 2020 and as far as we aware nobody has taken over this role.</p> <p>Recommendation</p> <p>We recommend that another board member(s) take over the role previously performed by Mrs Adams in performing spot checks on invoices and payments.</p>	<p>Medium</p>	

## Section 2: Matters arising and control matters (cont.)

### Accounting and Internal Control Systems (cont.)

Issue raised and our comment	Risk rating	Your response
<p>2) Accounting for and controlling Voids</p> <p><b>Finding</b>                      An area of significant risk in an organisation such as NE YWCA, is the treatment of voids. There have been a number of occurrences over the years at registered social housing providers where voids have been booked for units that have been let, the consequent rental income having been diverted from the entity. Our work around completeness of income has always factored in this significant risk and we are pleased to report that there have been no occurrences such as that described above. We also discuss with management every year the system in place and satisfy ourselves that it is sufficiently robust to mitigate the risk. However, it has been brought to our attention by the regulator that the Governors, as trustees, should take greater ownership of the risk.</p> <p><b>Recommendation</b>                      Whilst we are aware that the Board meetings contain as a standing agenda item a report around voids and that the Board do query movements in voids, the regulator suggests that the Board corroborate the information provided by the quarterly reports.</p>	<p>High</p>	

## Section 2: Matters arising and control matters (cont.)

### Accounting and Internal Control Systems (cont.)

Issue raised and our comment	Risk rating	Your response
<p>3) Work place loan</p> <p><b>Finding</b>            We noted during our audit work that there was an unpaid work place loan amounting to £1,899 which had remained unchanged for several years. On further investigation it transpires that this loan related to a former employee and we have been instructed to write this off as it will now not be recovered. Although this debt is not material, it should have been recovered through the payroll.</p> <p><b>Recommendation</b>            Work place loans should be recovered via payroll with payment plans being set up at time loan made. The work place loan account should be reviewed on a regular basis to ensure loans are being repaid in a timely manner. Any write offs should be approved by the Board of Governors.</p>	<p>Low</p>	
<p>4) Allocation of customer receipts</p> <p><b>Finding</b>            During the course of our audit testing of the rent system and debtors, it was noted that in most cases, no attempt has been made to match up receipts from tenants to specific rental invoices and cash is allocated to oldest invoices first irrespective of which invoices are actually being paid. As a result, debtors post year end cash testing proved very difficult and time consuming. More importantly, this does make it difficult (if not impossible) to see which tenants are actually in arrears and which specific weeks are unpaid at any point in time. We raised the same issue in the 2019 audit findings report.</p> <p><b>Recommendation</b>            Although our work suggests that there is not an issue with bad debts, going forward we would stress the importance of receipts being correctly allocated against specific invoices.</p>	<p>Medium</p>	

## Section 2: Matters arising and control matters (cont.)

### Accounting and Internal Control Systems (cont.)

Issue raised and our comment	Risk rating	Your response
<p>5) Pension contributions</p> <p>Finding As part of our payroll testing, we attempted to agree employer and employee pension contributions for a sample of employees. We were unable to determine what the correct contribution rates should be for the employees selected and therefore were unable to conclude whether the correct contributions were being deducted and paid over to the pension company.</p> <p>Recommendation We would recommend that employer and employee pension contribution percentage rates be added to the annual salary spreadsheet and cross referenced to supporting documentation from pension provider so that rates can be easily corroborated.</p>	<p>Medium</p>	
<p>6) Overpaid rents</p> <p>Finding We note that overpaid rents have increased from £9,736 at 31 March 2019 to £10,545 at 31 March 2020. Although the increase is not material, it does raise further concerns as to whether receipts are being correctly allocated in the debtors' ledger. The question also remains as to what the Governors intend to do with these overpayments going forward as they are now unlikely to be repaid to customers.</p> <p>We also note that there are rent deposits re Clapham House totalling £3,231. Again, will these be returned to customers?</p> <p>Recommendation A full review of the overpayments, including Clapham deposits, should be carried out as soon as possible. Genuine overpayments should be carried forward as creditors and repaid to customers at the appropriate time. Governors should give some consideration as to treatment of overpayments which will not be returned to customers.</p>	<p>Medium</p>	

## Section 2: Matters arising and control matters (cont.)

### Accounting and Internal Control Systems (cont.)

Issue raised and our comment	Risk rating	Your response
<p>7) Negative petty cash balance Finding We note that Xero TB at 31 March 2020 shows a negative petty cash balance of £194. Due to trivial nature of the balance we have not reviewed this in any detail but would point out that the petty cash balance should never be negative and would recommend reviewing and reconciling the account on a regular basis going forward.</p>	<p>Advisory</p>	

## Section 2: Matters arising and control matters (cont.)

We have considered matters included in last year's Audit Findings Report and comment as follows: -

Matter raised	Progress
Purchasing system Lack of segregation of duties and evidence of review.	Some progress as spot checks were carried out during the year by Linda Adams. However, she has now left and this role needs to be taken over by another board member(s).
Accounting and controlling for voids We recommended that the Board corroborate the information presented to them in respect of voids	Same issue raised again this year
Cash controls We recommended that cash count sheets be witnessed and authorised by management and cash banked on a timely basis.	We are pleased to report that there is now evidence of cash sheets being authorised and cash is banked on a timely basis
Expensing capital expenditure to SOFA Capital items expensed to repairs	We are pleased to note that we did not identify any material capital items in our review of repairs this year
Allocation of customer receipts Receipts from customers not allocated correctly	Same issue raised again this year

## Section 2: Matters arising and control matters (cont.)

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### Audit Adjustments

Our final planning materiality for the year to 31 March 2020 was £12,000. This did not change prior to completion of the audit. Appendix one includes all those misstatements and reallocations that we consider to have been necessary to protect or enhance the integrity of the financial statements, which have been processed in consultation and as agreed with Peter Allen, even though these adjustments may individually or collectively fall below this level of materiality.

Identified unadjusted misstatements which potentially increase surplus and net assets by £11,375 are summarised at Appendix two, and those relating to previous year (that would have an affect on the opening balances, [increasing surplus and net assets by £1,854]) are included at Appendix three. We do not propose further adjustment to the financial statements, but we do require your agreement (included in the letter of representation) that these individually or collectively do not affect the overall impact of the financial statements.

We have reviewed all adjustments and unadjusted misstatements and have satisfied ourselves that none of them should be considered an indicator of fraud.

### Significant Difficulties Encountered during the Audit

We are pleased to report that there were no significant difficulties encountered during our audit.

### Significant Accounting Estimates

We satisfied ourselves as to the appropriateness of the following significant accounting estimates: -

- Depreciation provision (residual value and estimated life of the asset)
- Property valuations as deemed cost, and
- Pension provisions on multi-employer defined benefit scheme.

### Financial statement disclosures

We considered significant risks and uncertainties associated with the audit of the financial statements as follows: -

- we did not identify any significant risks, exposures or uncertainties;
- our procedures have not identified any unusual transactions, including non-recurring amounts recognised during the period which required to be separately disclosed in the financial statements;
- we considered the factors affecting asset and liability carrying values including the entity's bases for determining useful lives and residual values assigned to tangible assets; and
- we did not find any evidence of the selective correction of misstatements for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

## Section 2: Matters arising and control matters (cont.)

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### Related Parties

As part of our audit we have considered disclosure of transactions associated with related parties and we set out below some comments: -

- our procedures have not uncovered any instances of non-disclosure (whether intentional or not) by management to the auditor of related parties or significant related party transactions which may alert those charged with governance to significant related party relationships and transactions of which they may not have been previously aware;
- nor have we identified any significant related party transactions that have not been appropriately authorised and approved, which may give rise to suspected fraud;
- there have been no instances of disagreement between ourselves and management regarding the accounting for and disclosure of significant related party transactions in accordance with the applicable financial reporting framework;
- we have not found any examples of non-compliance with applicable law or regulations prohibiting or restricting specific types of related party transactions; and
- we experienced no difficulties in identifying the party that ultimately controls the entity.

### Corporation Tax

All charities are subject to tax. However, if a charity carries out a trading activity, depending on the type and scale of the trading activity, some or all the charity's trading profits may be exempt from tax. Charities can carry out trading activities that are directly related to their charitable aims and objectives. They are also allowed to trade as a way of raising money so long as the level of trading is below HMRC limits and there is no significant risk to their assets.

To qualify for any tax exemption on trading profits a charity must use the income generated for charitable purposes only. Such charitable expenditure includes: -

- charitable grants made to another charity; or
- or expenditure that helps your charity's primary purpose.

We have not identified any matters that suggest that your charitable company is not exempt from corporation tax that might arise on its charitable activities and its trading activities are in accordance with the charitable aims and objectives of the charitable company.

Our experience is that an increasing number of charities are asked to complete tax returns so that HMRC can confirm continuation of their exempt status. We have not been advised that you have received a Notice to File a Corporation Tax Return for the current year but please advise us if this is not the case. We last completed a return for you for the year ended 31 March 2019.

## Section 2: Matters arising and control matters (cont.)

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Please note that when a Notice to File has been issued by HMRC Tax Returns must be prepared and filed within a set deadline even if you believe the charitable company will have no corporation tax liability. HMRC now require that, generally, accounts must be filed with them in a format known as iXBRL. As a temporary dispensation this is not required for charitable entities. However, any trading income does have to be reported in iXBRL format.

### INDEPENDENCE

We assessed our objectivity and independence at the planning stage of the audit and brought perceived and actual threats to our auditor independence to your attention together with the specific safeguards adopted by us to enable us to complete the audit of the Charitable Company by disclosing them in our Audit Planning Report addressed to you.

We prepare the financial statements on your behalf. This work represents a potential threat to our independence as auditor through potential self-review and potentially by assuming a management role. We safeguard against these threats by engaging with Peter Allen in the preparation of the financial statements on the basis that he understands and can endorse the adjustments and provisions being made on your behalf, and we have his agreement and acknowledgement of his role as informed management. Due to the presence of this important safeguard we believe that we continue to be independent within the meaning of the FRC Revised Ethical Standard 2016 and the objectivity and independence of the audit engagement partner and audit staff is not impaired.

In respect of our consideration of the retention of the audit engagement for the period commencing 1 April 2020 we confirm that we continue to comply with the FRC Revised Ethical Standard 2016.

## Section 3: Letter of representation

In this section we have provided details of the representations that will be requested from you, we also ask for a copy of the Board minute recording your consideration of these representations made to us prior to the release of our audit opinion.

We provide this letter in connection with your audit of the financial statements of North Eastern Y.W.C.A Trustees Limited for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the charity as at 31 March 2020 and of the results of its operations for the year then ended in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

We confirm that the following representations are made on the basis of sufficient enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you.

1. We acknowledge our responsibility for the financial statements of the charity and for their fair presentation in accordance with UK GAAP.
2. We acknowledge as trustees our responsibility for making accurate representations to you.
3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and errors.
4. We confirm that we have received confirmation from each director who was a director at the time of the approval of the financial statements that:
  - (a) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit

information and to establish that you are aware of that information and

(b) that so far as they are aware there is no relevant audit information of which you are unaware.

5. We have provided you with all accounting records and relevant information and granted you unrestricted access to persons within the entity, for the purposes of your audit.
6. All the transactions undertaken by the charity have been properly reflected and recorded in the accounting records or other information provided to you.
7. In respect of accounting estimates and judgements, we confirm our belief that the significant assumptions used are reasonable.
8. We have considered the adjustments in Appendix one of the audit management report proposed by you. We confirm that, in our judgement, these adjustments are appropriate given the information available to us. We further confirm that we have now made these adjustments to the financial statements.
9. We confirm that we do not wish to adjust the financial statements for the actual errors set out in Appendix two of the audit management report as we believe that the errors are immaterial, both individually and in aggregate, to the financial statements as a whole.
10. We reaffirm that the written representations previously made with respect to the prior period remain appropriate and in particular they remain appropriate in connection with the restatement made to correct a material misstatement in prior period financial statements that affect the comparative information, and in connection with misstatements arising from the previous year's audit as set out in Appendix three to the audit management report that may materially affect current year's results.

11. We are not aware of any actual or possible litigation or claims against the charity whose effects should be considered when preparing the financial statements.
12. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
13. We are not aware of any breaches of our charitable trusts and that we have advised you of the existence of all endowments and funds maintained by us.
14. There have been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements. Should any material events occur which may necessitate revision of the figures in the financial statements, or inclusion in a note thereto, we will advise you accordingly.
15. We have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
16. We are not aware of any fraud or suspected fraud affecting the charity involving those charged with governance, management or other employees who have a significant role in internal control or who could have a material effect on the financial statements.
17. We are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, which would have an impact on the charity's financial statements.
18. We are not aware of any known or suspected instances of non-compliance with those laws and regulations which provide a legal framework within which the charity conducts its business.
19. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any significant transactions with related parties.
20. We confirm we have appropriately accounted for and disclosed related party relationships and transactions in accordance with applicable accounting standards and with the recommendations of the applicable charity SORP.
21. We confirm that, having considered our expectations and intentions for at least the next twelve months and the availability of working capital, the charity is a going concern. We are not aware of any events, conditions, or business risks beyond the period of assessment that might cast significant doubt on the charity's ability to continue as a going concern.
22. There are no liabilities or contingent liabilities or guarantees that we have given to third parties other than those disclosed in the financial statements.
23. We have no plans or intentions that might materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

## Appendix 1: Statement of adjustments made as agreed with Peter Allen

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Surplus per Xero accounts	199,935	
Adjustments made:		
Replacement window expenditure incorrectly posted to reserves	-89,291	
Fixed asset additions misposted to depreciation (SOFA)	16,250	
Correction to depreciation charge	-137,342	
Correction of investment postings	-588	
Movement on accruals	1,972	
Movement on prepayments	1,250	
Movement on deferred income	-7,746	
Adjustment for employment allowance	2,996	
Correction of creditors balances	-2,608	
Removal of duplicated healthcare postings	1,371	
Write off irrecoverable workplace loan	-1,899	
Loss on defined benefit pension scheme	<u>102,000</u>	
		-
		113,635
Net movement in funds per financial statements		<u>86,300</u>

## Appendix 2: Schedule of unadjusted misstatements

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Unadjusted misstatements in 2019/20	Assets	Liabilities	Surplus
Unidentified difference on opening VAT balance		7,570	7,570
Difference on Clapham deposit balance		1,731	1,731
Unidentified difference on PAYE creditor		1,444	1,444
VAT not claimed on Casenove fees		630	630
Understated/(overstated)	<u>0</u>	<u>11,375</u>	<u>11,375</u>

## Appendix 3: Schedule of unadjusted misstatements – previous period

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Unadjusted misstatements in 2018/19	Assets	Liabilities	Surplus
Capital items expenses in SOFA	1,348		1,348
Unidentified difference on opening VAT balance		7,570	7,570
Difference on Clapham deposit balance		1,731	1,731
Unidentified difference on PAYE creditor		931	931
Potential difference on investment valuations	-9,726		-9,726
Understated/(overstated)	<u>-8,378</u>	<u>10,232</u>	<u>1,854</u>